

BUSINESS OPPORTUNITY

CC-LACH003-11

Department of the Interior

National Park Service
North Cascades National Recreation Area

**Proposal to operate Overnight Accommodations, Food and Beverage,
Retail, Fuel, and Transportation Services
within the Stehekin area of
Lake Chelan National Recreation Area**

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INTRODUCTION

The National Park Service (“Service”) seeks proposals for a concession contract (“Draft Contract”) authorizing a Concessioner to operate overnight accommodations, food and beverage, retail, fuel services, and transportation services at Stehekin Resort located within Lake Chelan National Recreation Area (“Area”) within the Stehekin district of North Cascades National Park Service Complex. (“Park”). This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services allowed pursuant to the Draft Contract. Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Contract (in Part IV), including its exhibits, to determine the full scope of the future Concessioner’s responsibilities under the Draft Contract. The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (Pub.L. 105-391), as implemented by the Service in 36 C.F.R. Part 51.

This Prospectus is issued under the authority of 36 C.F.R. Part 51. In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. In the event of any inconsistency between the terms of the Draft Contract and this prospectus, the Draft Contract will control. Copies of Pub. L. 105-391 and 36 C.F.R. Part 51 is included as Appendices to this Prospectus.

The term “Concessioner” as used in the Prospectus refers to the entity that will be the concessioner under the Draft Contract. The term “Existing Concessioner” refers to Stehekin Adventure, LLC, dba Stehekin Landing Resort, the concessioner under the current concession contract (“Existing Contract”). The Existing Contract is included as an Appendix to this Prospectus.

The National Park Service and Its Mission

In 1916, Congress created America’s National Park Service to:

...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress has declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States. . . . (16 U.S.C. §1a-1)

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation’s natural and cultural heritage. To learn more about the National Park Service, visit www.nps.gov. This site includes information about the Service's mission, policies, and individual park units.

North Cascades National Park Service Complex and Its Mission

North Cascades National Park Service Complex is located in the northwestern portion of Washington State and extends from the Canadian Border to north central Washington. The Park contains three park units which are all managed as one and include North Cascades National Park (NOCA), Ross Lake National Recreation Area (ROLA) which divides the Park into north and south units and Lake Chelan National Recreation Area (LACH), which adjoins the Park on the south. The Park is surrounded on the west, south and east by almost 6 million acres of national forest lands. Across the international boundary to the north are parks, recreation areas, and forestlands administered by the province of British Columbia.



Exhibit 1. – NORTH CASCADES NATIONAL PARK SERVICE COMPLEX AND VICINITY



Source: National Park Service

The closest commercial airport is SeaTac, near Seattle. Vehicle access from Interstate 5 is accomplished by traveling east on State Route 20 to Burlington and Twisp and then following State Route 153 and 97 to the city of Chelan. Travel may also be accomplished by following Interstate 5 to State Highway 2 from Everett to Wenatchee, then Highway 97A to Chelan. Stehekin cannot be accessed by any road; all access to the Stehekin Valley and the Area is by passenger ferry, float-plane, or by hiking through the backcountry (approximately 20 miles by foot).

The Park, including Lake Chelan and Ross Lake National Recreation Areas, contains more than half the glaciers in the United States outside of Alaska. These glaciers are an important source of water for salmon, other wildlife, plants, and people in the Puget Sound region. In addition, the Park's 9,000+ feet of vertical relief, along with the great contrast between climates east and west of the Cascade crest provide habitat for one of the greatest diversities of plant life in North America and for varied fauna including rare and sensitive species. The Park's variety of waters, both lakes and rivers, and its topography provide a large and expanding nearby population with a wide array of recreational opportunities, including boating, camping, climbing and backpacking.

The Park includes 75 structures eligible for the National Register, with an additional 59 structures being listed on the National Register. It also includes three Historic Districts and over 250 archeological sites. The Park was home to at least four tribes whose descendents now live nearby and includes, within its boundaries, three contemporary communities.

The Park contains 684,245 acres with 61,890 acres in Lake Chelan National Recreation Area. Most of the surrounding Forest Service land is designated as Wilderness.



Legislated Purpose and Significance

As a unit of the National Park Service, the Park is dedicated to conserving, unimpaired, the natural and cultural resources and values of North Cascades National Park, Ross Lake National Recreation Area, and Lake Chelan National Recreation Area for the enjoyment, education and inspiration of this and future generations. Additionally the Park shares responsibility for advancing a great variety of national and international programs designed to help extend the benefits of natural and cultural resource conservation and outdoor recreation.

According to P.L. 90-544, October 2, 1968, the purpose and significance of North Cascades National Park Service Complex is:

...to provide for the benefit, use and inspiration of present and future generations certain majestic mountain scenery, snow fields, glaciers, alpine meadows, and other unique natural features...

The stated purpose of the enabling legislation for Lake Chelan National Recreation Areas is:

...to provide for the public outdoor recreation use...and for the conservation of the scenic, scientific, historic, and other values contributing to the public enjoyment...

Compliance with Federal, State, and Local laws and Area Jurisdiction

The Park has proprietary jurisdiction with the state of Washington. Given its remote location, law enforcement within the Area is conducted by Park rangers holding law enforcement commissions who enforce state and federal law through the Act of June 25, 1948, the Assimilative Crimes Act. As noted in Exhibit E of the Draft Contract, there is no structural fire protection.

The Service's Public Health Program will provide periodic food safety evaluations in order to determine that the food service operation is actively managing food safety and is in compliance with applicable regulatory requirements. These evaluations will include an assessment of compliance with the most recent edition of the Food Code, published by the U.S. Food and Drug Administration, U.S. Public Health Service, Department of Health and Human Services.

Although operations are conducted on federal property, the Concessioner is subject to state and local laws and ordinances in the same manner as if they operated outside the federal holding. Business permits normally required must be secured and taxes normally payable must be paid.

Additional inspections, permits and/or licenses will be required for:

- Vehicles used in transportation and rental vehicle services
- Commercial Drivers License (CDL) Driver's Licenses for bus drivers
- Fuel System and Underground storage tank inspections
- Range hood and facility fire extinguishers

Park Management Structure

The Park is managed by a Superintendent who is assisted by the Chief of Resource Management, Chief Ranger, Chief of Interpretation, Chief of Maintenance, and Chief of Administrative Services and Business Practices. The primary contact for concessions matters is the Concessions Specialist in Chelan.



PARK MANAGEMENT OBJECTIVES FOR CONCESSION SERVICES

The need for commercial visitor services within the Park is based on objectives for visitor use described in law, planning documents, the judgment of Service management, and the present objectives of the Service. The Service has determined that the facilities and services that are called for in this Prospectus are necessary and appropriate for the enjoyment and effective management of North Cascades National Park Service Complex and Lake Chelan National Recreation Area.

MARKET AREA OVERVIEW

Regional and Local Market Area

Lake Chelan is a 50-mile-long natural lake that developed within a broad glacial trough. It was dammed in the 1920s to increase capacity and to provide power for industry. The Stehekin Valley at the upper end of the lake is a large, U-shaped glacial valley with the Stehekin River running through it, entering Lake Chelan near the small town of Stehekin. The elevation of the town is approximately 1,000 feet with the surrounding peaks rising as high as 9,000 feet. Stehekin's summer temperatures reach daily highs from 80 to 100 degrees, dropping below zero in the winter. Rainfall averages 34 inches per year with an annual snowfall of more than 100 inches.

Public boat moorage is available at Stehekin along with boat sewage pump-out facilities. There are 4 public dock facilities on Lake Chelan within the Recreation Area, which is the upper 4 miles of the lake. Boaters using any of these federal docks, from May 1 – October 31 will need to purchase a dock site pass (\$5/day or \$40 seasonally). Personal watercrafts are not allowed to be operated within the Area.



Exhibit 2. – LAKE CHELAN NATIONAL RECREATION AREA AND VICINITY



Source: National Park Service

The towns of Chelan (population 3,993 in 2008, with summer residents near 20,000) and Manson (population of approximately 3,200) are 55 miles down lake and they provide all necessary community facilities and services. The nearest large city is Wenatchee (population in 2008 was 42,184 and includes



East Wenatchee as well as Wenatchee proper), 40 miles south of Chelan on State Highway 97. From Wenatchee, it is approximately 140 miles to Seattle and 165 miles to Spokane.

For more information regarding the Stehekin area and other surrounding areas see the links located in Appendix C of this Prospectus.

The Stehekin Valley

Lake Chelan National Recreation Area includes the local community of Stehekin. The community of Stehekin is a settlement of year-round and summer homes scattered along the Stehekin River Valley. Several recreation-oriented businesses are located within the valley offering overnight lodging, food services, a bakery, river rafting, lake kayaking, horseback riding/packing, and biking. Lands are both private and government-owned and the permanent resident population is approximately 100 in winter, expanding to over 250 during the summer. There is a K-8 school and a U.S. Post Office located within the community of Stehekin.

The Stehekin Landing serves as an entry and exit point for visitors planning to hike, backpack or mountain climb in the backcountry. A portion of the Pacific Crest Trail runs through the Park, and many “through-hikers” travel to Stehekin Landing to pick up packages from the Post Office and prepare for their continued journey north to Canada. The majority of visitors traveling to Stehekin arrive on the ferry operated by the Lake Chelan Boat Company (“Boat Company”) which currently offers two daily boat layovers (1 hour and 1.5 hours) at the Landing during the summer and three to four weekly, 1-hour layovers in winter. The Boat Company is the only scheduled commercial boat service authorized by the Washington State Utilities and Transportation Commission on the Lake. Chelan Seaplanes provides the only float plane service from its base in the City of Chelan to Stehekin. Flight service is provided from May 1 through October 31; scheduled services run 4 times daily to and from Stehekin. Additional scenic tours and charter services are also available. Float plane service is currently not available during the winter months (generally November through April); however this may change.

During the summer, tent camping is available at 6 small Service-operated front-country campgrounds, 3 of which are boat-in sites. Backcountry camping opportunities are plentiful and many trails beginning in the Stehekin Valley lead visitors deep into the backcountry of North Cascades National Park and provide access to State Route 20 and the communities of Twisp, Winthrop, Newhalem and Marblemount. Additionally, shuttle buses, (a required service under this contract), transport visitors 11 miles up the Service owned and maintained Stehekin Valley Road; visitors are dropped off at trailheads, or at various other destinations along the route. There is a charge for the shuttle services, and schedules vary according to the season. Currently, there are no shuttle services in the winter months (November through April), and limited services during the months of May and October. The road also serves local community residents; all private homes are located within the first 9 miles of the Stehekin Valley. During the winter, snow depths are often sufficient to cross-country ski and snowshoe.

The residents and local businesses rely upon boats and barges to bring them everything from groceries and merchandise to cars, equipment, and building materials. Stehekin residents must “plan” ahead. Groceries can be purchased by sending a list and blank check to one of the stores down-lake, or by setting up an account with local vendors in Chelan. There is no telephone service available to private homes in Stehekin (cell phones do not work in the Stehekin Valley); however, most residents have internet access (satellite services) and can place grocery orders by email. The order is then filled by the grocer or vendor and either delivered to the Boat Company, or picked up by the Boat Company employees for passage to Stehekin. The Boat Company charges a fee for freight on items going to and from Stehekin. As of May, 2010 this fee is \$6.00 for up to 75 pounds. There are additional charges for bicycles, pets and freight requiring special handling. The passenger boat is also on contract with the US Postal Service and delivers



mail to Lucerne and Stehekin. Mail is delivered 6 days a week during summer months and 3 days per week during winter months.

Large freight items such as furniture, equipment, vehicles and building supplies are transported to Stehekin by barge. There is only one barge service available on Lake Chelan; this is Tom Courtney Tug and Barge. The Courtney Barge runs between Chelan and Stehekin (and various points in between) and maintains an office in Chelan. As of April, 2010, prices for barge freight are as follows:

Exhibit 3. Barge Transportation Charges

<i>Barge Charges</i>
\$15.00 minimum freight charge
\$275.00 per hour for tug and barge.
\$125.00 per hour for boom truck
\$50.00 per loaded pallet (4x4x4 ft).
\$60.00 for oversized pallets
\$75.00 per unit of lumber and/or piping.
\$1.55 per sq. ft. for cars and trucks
\$1.65 for trucks with dual axles, tractors
\$1.75 for trailers without vehicles
\$35.00 for small boats and equipment (kayaks, motorcycles)
\$50.00 for horses
\$75.00 per ton for hay
\$25.00 for 55 gallon drum/barrel
\$4,000.00 for chartered barge services
\$1.55 per sq. ft. for cars and trucks
\$1.65 for trucks with dual axles, tractors
\$1.75 for trailers without vehicles
\$35.00 for small boats and equipment (kayaks, motorcycles)
\$50.00 for horses
\$75.00 per ton for hay
\$25.00 for 55 gallon drum/barrel
\$4,000.00 for chartered barge services
(These prices include loading onto the barge, transport to destination, and unloading).
Maybe should include the updated costs in the table Darby created below.

Source: National Park Service

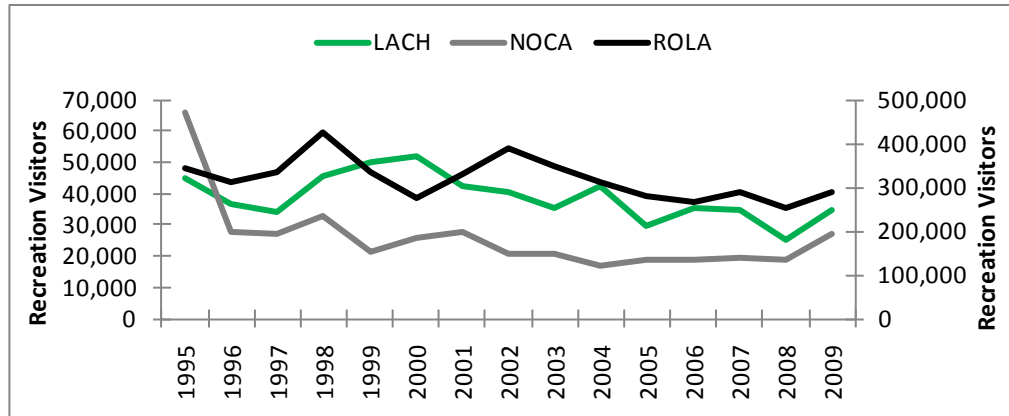
Recreational Visitation

Recreation visitation to the Park has declined over the last 10 years. Until 2001, visitation to Lake Chelan National Recreation Area had been progressively increasing with its peak in the year 2000 of 51,825. Since that time, visitation has steadily decreased but seems to have increased again slightly in 2008 and 2009.

Annual recreation visitations for North Cascades' three parks are reflected in Exhibit 4.

Exhibit 4. Lake Chelan National Recreation Area



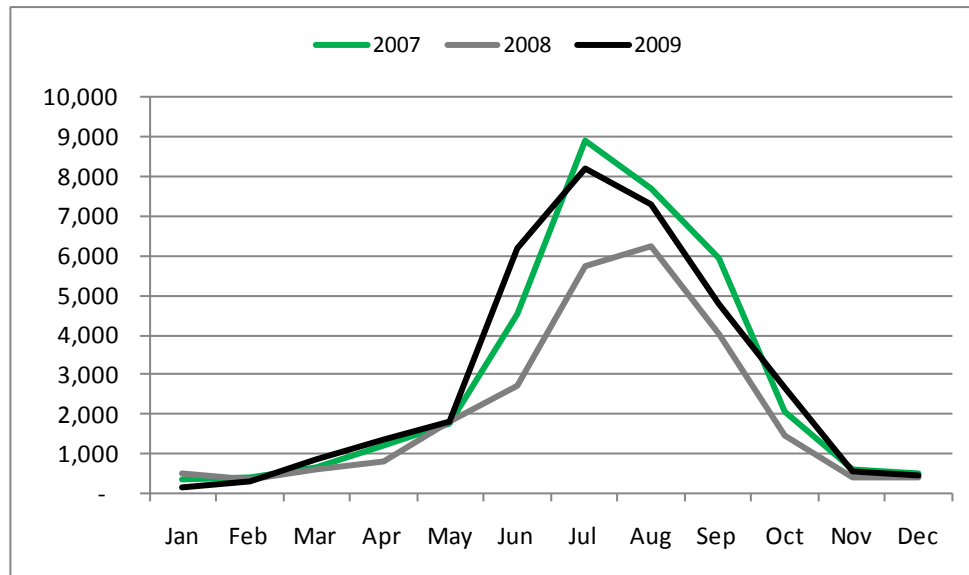


Source: National Park Service

Some specific factors contributed to the decline in visitation from 2001-2008 such as limited precipitation in the form of rain and snow. The lack of precipitation increases the likelihood for wildfires, and the Area did experience some level of wildfire activity during these years. When wildfires occur during the peak summer months, the concessioner may be impacted, particularly in regard to lodging revenue. When fire events do occur, however, there could be potential for the Concessioner to provide contracted services for fire crews and incident personnel including meals, transportation services and lodging.

As indicated in the table below, visitation is highly seasonal with roughly 70% or higher of visitation occurring June through September.

Exhibit 5 Lake Chelan National Recreation Area Monthly Visitors 2007-2009



Source: National Park Service

Other Area Concession Operations



House that Jack Built

In addition to the services offered under this Concession Contract, there is one additional business that operates within the Area under a Concession Contract. The House that Jack Built is a small 300-square foot building that is used to sell items which are hand-crafted and designed or produced by local residents in the Stehekin Valley. These unique items are intended to showcase the local mountain valley lifestyle and the natural beauty of the Valley. The House that Jack Built is open from late May through mid-September from the hours of 10:30 am to 2:30 pm.

Other Private Commercial Operations Provided in Stehekin*The Stehekin Bakery*

The Stehekin Pastry Company is located 1.8 miles from Stehekin Landing and offers a large selection of fresh pastries and breads, daily lunch specials, salads, soups, cakes, ice cream and espresso. The Bakery is open May-October.

Stehekin Valley Ranch

The “Ranch” is located 9 miles from Stehekin Landing and offers lodging and food service for visitors and residents of Stehekin. Accommodations range from cabins with bathrooms and kitchens to primitive tent cabins that share common restroom facilities. Meals are served family-style and reflect the rustic character of the Ranch. The ranch has a small outdoor store and hosts horseback day-rides and rafting and kayaking services on the Stehekin River.

Discovery Bikes

Discovery Bikes provides bicycle rentals and bike tours and trip packages for all ages and skill levels. Discovery Bikes is located at Stehekin Landing, about 200 yards from the Ferry Dock and is open May-September.

In My Hands Massage

This massage therapist provides a variety of Massage services from her home at the Buckner Orchard. Appointments are made at Stehekin Landing Resort and at various other locations within the Stehekin Valley. Transportation to and from the appointments is provided for clients.

Cascade Corrals

Cascade Corrals offers seasonal horseback trips and day rides to various locations in the Stehekin Valley, North Cascades National Park and Wenatchee-Okanogan National Forest. Day ride operations are based from Stehekin Valley Ranch.

Stehekin Log Cabins

The Stehekin Log Cabin is a private business that offers two cabins for rent. Each cabin has a fully equipped kitchen and bath. Visitors are provided a vehicle for transportation. Cabins are located 1.8 miles from Stehekin Landing, behind Stehekin Pastry Company.



Silver Bay Inn

Lake house and Cabin rentals located on Lake Chelan. The Lake House has two bedrooms and two baths and has a complete kitchen. The cabins have two bedrooms or loft (sleep 4 people each) and complete kitchen and bathrooms. A 4th rental unit includes a small room with private deck and small kitchenette. Complimentary hot-tub, internet service, bikes and canoes are available for guest use. The Stehekin Pastry Company and shuttle bus pick up location is nearby. The Inn is located 1.5 miles from Stehekin Landing.

Stehekin Rainbow Falls and Boulder Creek Lodge

This facility is a semi-private Bed and Breakfast and sits at the base of Rainbow Falls, overlooking the Stehekin River. The Lodge offers internet and telephone service and is available for weddings, meetings and special occasion visits. The Boulder Cabin is located a short distance away from the main lodge, but is fully equipped and sleeps 2 plus additional room for 2 more with pull-out beds. This cabin includes laundry room, bath and kitchen. The Loft is located beside the main lodge and sleeps 4. This unit includes a bathroom and kitchenette.

Flick Creek House

This is located on Lake Chelan, about 2 miles from Stehekin Landing. Access to this house is by Lakeshore Trail or by Boat. The house includes a beach area, fire-pit and dock. The house has a fully equipped kitchen and two bathrooms and sleeps 10 (3 bedrooms).

Stehekin Mountain Cabin

Stehekin Mountain Cabin is a single unit which sleeps up to seven located 5.5 miles from Stehekin Landing. The cabin is completely furnished, has full bath, and guests are provided with a car and full tank of gas upon check in.

Stehekin Valley Fishing

Provides guided fishing services in the Stehekin Valley. Fishing guide services are provided on Lake Chelan, the Stehekin River and Coon Lake.

EXISTING CONCESSION OPERATION

Currently, visitor services are being provided at the Concession Facilities by Stehekin Adventure, LLC, dba Stehekin Landing Resort ("Existing Concessioner"). The terms and conditions for those visitor services are set out in Temporary Concession Contract No. TC-LACH003-09 ("Existing Contract") which expires on October 31, 2011, a copy of which is included in the appendices to this Prospectus. The Existing Contract is for a term of less than three years from May 4, 2009 through October 31, 2011. The Existing Contract requires the following visitor services:



Exhibit 6 – CURRENT REQUIRED AND AUTHORIZED SERVICES

Service	Required	Authorized
Overnight Accommodations		
21 motel units, 8 housekeeping units	X	
Food and Beverage Services		
Full service restaurant and limited groceries	X	
Retail		
General store including convenience and grocery items, souvenirs, camping, and fishing supplies	X	
Transportation services		
Rainbow Falls Bus Tour and Stehekin Valley Shuttle Bus services	X	
Public Shower and Laundry	X	
Fuel Sales		
Vehicles and boats	X	
Bicycle Rentals		X
Guided Instruction		
Skiing, Snowshoe and Fishing		X
Equipment Rentals		
Winter activities, bicycle, boats, rental vehicles		X
Other Valley Tours		X
Water Taxi Services		X
Vehicle Taxi Services		X

Source: National Park Service

Currently, overnight accommodations offered at Stehekin include 21 motel type units and 8 additional “housekeeping” units which include a kitchen and bathroom(s). One of the 8 housekeeping units, the Lake house is a large 4 bedroom rental with a kitchen and 2.5 baths; this unit is suitable for groups or larger families. Three of the housekeeping units have bathtubs; the remaining units provide showers only. The housekeeping units have a variety of sleeping and bed configurations; most units offer a futon or pull-out single or double bed in addition to the queen or king-sized bed. The Lake House is the only rental that provides a dishwasher and hot-tub. The Housekeeping units may be rented on a year-round basis as the kitchen can accommodate guest’s needs for food and beverage preparation when the restaurant and store are not open. Under the Existing Contract, all standard housekeeping units have been closed during the winter months, although limited lunch-time food service has been available. During the spring of 2010, the Service and Concessioner made improvements to one of the buildings that houses 7 standard rooms (the Alpine House); the improvements were done to increase efficiency in heating and reduce operating costs thus allowing the concessioner the option of renting the rooms in the off-season or shoulder seasons. Cooling systems are not available in any of the overnight accommodations. The availability and price of the motel and housekeeping units vary upon the season. Please see Appendix A for the most current rate information.



The current offering of food and beverage service includes a full service restaurant (“Restaurant”) (approximately 2,688 square feet) and limited groceries within the general store (“Store”). The Restaurant offers full service breakfast, lunch, and dinner during the summer months, and limited food service is available in the Restaurant during the winter months. Currently the Restaurant seats a maximum number of 80 people inside.

The Store is located within the main lodge building. The Store also provides registration for all overnight accommodations during the shoulder seasons. During the summer months, registration for lodging and valley activities is available at the Kiosk located near the ferry boat landing. The Store sells limited grocery items, toiletry supplies, basic first aid, over-the-counter medications, limited gifts, clothing, and souvenir items. The Store operates on a limited basis during the shoulder seasons, but is open between the hours of 8:00 am – 8:00 pm during the summer months. Visitors may use a radio system for on-call services to page lodge employees to open the store for minor purchases and sales during the shoulder seasons when store hours are limited. On-call services are available between 9:00 am and 4:00 pm, whenever lodging rental units are available. The radio system is not used during boat layover times, when an employee is required to have retail services available to visitors. During the off-season, The Existing Concessioner has continued to sell gasoline and limited convenience items from the Restaurant building, by converting one portion of the dining area into a sales area for convenience and gift items. This has eliminated the need to have both the store and restaurant buildings open during the winter months.

The Existing Concessioner is required to provide gasoline and oil sales to the public on a year-round basis. A dock slip and water-based fuel pump is included as part of the Concession Facilities for fuel pump operations at the Stehekin Marina. A gas pump is available at the dock site for use in issuing fuel. Under the Draft Contract, the Concessioner will be required to reimburse the Service for a portion of the annual payment to the Washington State Department of Natural Resources for the aquatic lands lease specific to the boat fuel dock at the Stehekin Landing Marina. The total fee due the Service has been \$750, although this fee is subject to change. The DNR is in the process of re-evaluating this fee, and it will mostly likely increase based on the new fee analysis. Concession employees are required to pump gas for patrons when securing boat gas sales. Additionally, there are 2 slips assigned for moorage of rental boats at the marina. The rental boats are available from mid-April through October. The current rental fleet includes 2 small motor boats. Additional kayaks and canoes are also available for rent, however these vessels do not require moorage slips for rental operations.

Additionally, a narrated bus tour to Rainbow Falls from the Stehekin Landing and Shuttle Bus transportation services are also currently provided. The Rainbow Falls tour is a seasonal tour that runs from approximately April 1 through October 31, and provides an interpretive round-trip bus tour in partnership with the Service. The tour runs from Stehekin Landing to Rainbow Falls (3.5 miles from Stehekin Landing). This bus tour is available to all visitors and runs in conjunction with scheduled ferry arrivals. A shuttle bus is also available to all visitors and provides transportation services to other destinations within the Stehekin Valley. The bus provides 4 scheduled daily round-trip runs from Stehekin Landing to High Bridge (11 miles from the Landing) during the summer months of June-September. Shuttle buses run on reduced schedules during the months of May and October. The shuttle service provides transportation to upper valley trailheads, businesses, and residences along the Stehekin Valley road and is equipped to handle backpacks, camping equipment, luggage, and bicycles. Both the Rainbow Falls Tour and Stehekin Shuttle services are offered for a fee. Taxi services are also available, but do not run on a set schedule; reservations or advance notification is required. The Existing Concessioner also provides rental vehicle options for guests and visitors; the number of available rental vehicles varies.



Finally, the Existing Concessioner provides and maintains a shower facility for the public from May 1 through the middle of October. The current maximum rate permitted for washer use is \$1.00 per load and \$1.50 per load for dryer use. The washer and dryers are coin-operated. The public shower is also coin operated and costs \$0.25 for a five minute shower.

Currently the Concessioner pays the Park \$90.00 per month for use of one dedicated phone line; the cost to the Concessioner is based on the amount of bandwidth allocated to the Concession Facilities; this fee is subject to change over the term of the Draft Contract. The Existing Concessioner has a satellite phone transmission arrangement with a local satellite phone service that provides both internet and phone service.

In addition to the required services listed above, there are a number of authorized services the Existing Concessioner provides. These services include fishing guide services, equipment rentals (snowshoes, canoes, kayaks), water taxi services, bicycle rentals, and other valley tours.

NEW CONCESSION OPERATION

The concessioner to whom the Draft Contract is awarded (“Concessioner”) will be required to provide the following visitor services during the term of the Draft Contract:

Exhibit 7 – REQUIRED AND AUTHORIZED SERVICES IN THE DRAFT CONTRACT

Service	Required	Authorized
Overnight Accommodations		
21 motel units, 8 housekeeping units	X	
Food and Beverage Services		
Full service restaurant and limited groceries	X	
Retail		
General store including convenience and grocery items, souvenirs, camping, and fishing supplies	X	
Transportation services		
Rainbow Falls Bus Tour and Stehekin Valley Shuttle Bus services	X	
Public Shower and Laundry	X	
Fuel Sales		
Vehicles and boats	X	
Bicycle Rentals		X
Guided Instruction		
Skiing, Snowshoe and Fishing		X
Equipment Rentals		
Winter activities, bicycle, boats, rental vehicles		X
Other Valley Tours		X
Water Taxi Services		X
Vehicle Taxi Services		X

Source: National Park Service



Overnight Accommodations

The Draft Contract requires the same number of motel and housekeeping units as the Existing Contract. The Existing Contract requires housekeeping units to be available during the winter months and no lodging services will be required in the off-season under the Draft Contract. The minimum operating season is detailed below:

Exhibit 8 – MINIMUM HOURS OF LODGING OPERATIONS DRAFT CONTRACT

Date	Motel Units	Housekeeping Units
June 15 - September 30	All Standard Rooms Available	All Housekeeping units Available
October 1 - October 15	Some Standard Rooms	All Housekeeping units Available

Source: National Park Service

Food and Beverage

The Draft Contract requires the same food and beverage services as required in the Existing Contract. The Existing Contract requires lunch-time food service during the winter months; however, the Draft Contract will not require food service operations of any kind during the off-season. In addition to the interior seating offered in the Restaurant the Concessioner will be permitted to offer additional seating on a covered deck when weather permits, generally June through October. Minimum seasons and hours are listed below.

Exhibit 9 –MINIMUM HOURS OF OPERATION FOR FOOD AND BEVERAGE SERVICES

Date	Meals	Time	Days
June 15 - October 15	Breakfast	7:00-10:00	Daily
	Lunch	11:00-2:30	Daily
	Dinner	5:00-9:00	Daily

Source: National Park Service

The Concessioner will be assigned Cabin #13 and #15 at the Stehekin Landing. These buildings may be used for commercial purposes. The cabins are historic and located within the Golden West Historic District. The buildings currently have electrical service but no water or sewer. The Concessioner may not change the structural integrity of the buildings; see Exhibit C and Appendix D for additional information regarding these buildings.

Retail and Gifts

The Existing Contract requires limited retail services during the winter months; however, no retail services will be required during the off season in the new contract. The Concessioner will be required to provide a variety of grocery items, souvenirs, and gifts at the Store at Stehekin Landing. Gifts and souvenir items should exemplify the unique character of the Stehekin community and North Cascades.



Limited camping and hiking supplies will be available at the Store, or the Concessioner can use Cabin #13 or Cabin #15 for additional retail sales space including gifts and souvenirs sold within the Area. The Concessioner is required to sell fishing licenses.

If the Concessioner chooses to provide rental units, it must also provide on-call services from 9:00 am to 4:00 pm whenever lodging rental units are available. Information on how to contact the Concessioner must be posted at the store for service outside of these hours.

Exhibit 10 –MINIMUM HOURS OF OPERATION FOR RETAIL SALES AND SERVICES

Date	Hours	Day
June 15 - September 30	8:00-8:00	Daily
October 1 - October 15	9:00-6:00	Daily

Source: National Park Service

Marina Services

The Concessioner will sell Federal Dock Permits as well as gasoline and oil. Federal Dock Permits are sold for all US Forest Service and National Park Service docks on Lake Chelan from May 1 through October 31. These must be available for sale during hours when the store is open beginning June 15th or before June 15th if authorized services are provided. When the store is not open, sales must be available “on-call” between the hours of 9:00 am and 4:00 pm.

Transportation Services: Rainbow Falls Tour and Stehekin Shuttle Bus

The Concessioner will use Service-owned buses that are assigned to the Concessioner for use in transportation services. The red, heritage style buses were purchased new by the Service in 2009 and are marked with “North Cascades” and the NPS arrowhead. The Concessioner may use Service-approved concessioner emblems identifying the buses for Rainbow Falls Tours or Shuttle Bus services. All labels or signs must be approved by the Service.

Rainbow Falls Tours

The Rainbow Falls bus tour will continue to operate from the Stehekin Landing. The Concessioner is required to operate the bus tour, at a minimum, whenever the Lake Chelan Boat Company boats dock in Stehekin on their established runs when boat services are daily beginning June 15. Rainbow Falls Tours are optional from October 16 through March 31.

The Service reserves the right to provide an Interpretive Ranger to join The Rainbow Falls Tour when staff is available. The Concessioner will provide a bus driver with a Commercial Drivers License at all times. The Concessioner is required to provide narration for the tour when a Service ranger is not available. The only fees that will be collected are those associated with the tour and the Concessioner will be responsible for the collection of those fees.



Exhibit 11 –MINIMUM OPERATING SCHEDULE FOR RAINBOW FALLS TOURS

Date	Services	Days
June 15 - 3rd weekend in September	2 Trips	Daily
3rd weekend in September - October 15	1 Trip	Daily

Source: National Park Service

Stehekin Shuttle Bus

The Draft Contract requires bus service between the Landing and High Bridge. The Concessioner will provide at least 4 round-trips per day between these locations. The bus will run according to an established schedule and will provide transportation services for all visitors and residents to established points along the Stehekin Valley Road, including those staying at other private lodging in the valley. At a minimum the Concessioner will operate full services June 15 through October 15. The Concessioner is encouraged to operate this service through the entire month of October to accommodate late-season hikers, especially those traveling through Stehekin on the Pacific Crest Trail. Most Pacific Crest Trail hikers begin their trip in Mexico in the spring and early summer months and conclude their trip in Canada by October. The Concessioner is required to provide a CDL licensed bus driver.

Exhibit 12 –MINIMUM OPERATING SCHEDULE FOR STEHEKIN SHUTTLE BUS SERVICES

Date	Services	Days
June 15 - October 15	4 runs	Daily

Source: National Park Service

Public Shower and Laundry

Shower and laundry facilities will be available, at a minimum, for public use from June 15 through October 15. The shower and laundry facilities are located in Building 38 (see Exhibit C to the Draft Contract) which also provides residential accommodations for concession staff and the public telephone.

The public shower and laundry facilities shall be cleaned a minimum of twice daily and more frequently if needed. The Concessioner will be required to operate the shower facilities using coin operated mechanisms.

Fuel Services

The Concessioner will sell gasoline for automobiles through the General Store. There is one pump for fueling vehicles; this pump is located at Stehekin Landing, near the boat landing area. A second pump is available for fueling boats and is located at a designated slip at the Stehekin Marina. Propane is also available for sale; the fill tank is located at the Landing near the Service owned Building #1. The Concessioner is required to employ a fuel pump operator. If the Concessioner chooses to provide lodging and food services during the off season, fuel sales are required on all days the Restaurant and/or store are open. When lodging units are available on-call services shall be provided daily between the hours of 9:00



am and 4:00 pm when the store and/or Restaurant is not open. On-call services are not required on non-boat days.

Employee Housing

Eight of the buildings assigned to the Concessioner under the Draft Contract are available for employee housing. Three of these units are located in the Golden West Historic District and are most suitable for single occupancy on a seasonal basis. An additional unit, located outside the Golden West Historic District, is also listed as a historic structure and is suitable for year-round occupancy for a couple or small family. Other residential units located at Stehekin Landing include a small bunkhouse (sleeps 3-4) and three small apartment style-units; two are located in the same building that houses the Public Laundry facility, and the third is located on the basement level of the building currently being used as a Recreation Center. Additional housing is available upvalley from the concession operation. These units include a small cabin located 2.5 miles from the Landing (sleeps 3-4) and a building which houses two studio-style apartments, located 4 miles from the Landing. The cabin and studio-style apartments are not suitable for year-round occupancy.

One residence, Building #35 Miller House, will be assigned to the Concessioner for a portion of the Contract. This residence is located at Stehekin Landing and is an historic cabin that has been used to house Resort staff. The Service has plans to renovate the building currently identified as Building #31 Recreation Center; renovations will include converting this building into two efficiency apartments that shall be used to house Concession staff. Once the renovations are completed and the apartments are suitable for residency, Building #35 and the associated outbuildings (garage and storage shed) will be removed from the Concession Facilities.

The service is currently working on plans to replace numerous Government-owned housing units in Stehekin, some of which are currently assigned to the Concessioner. It is expected that most of the construction will be done during the life of this contract. Construction will result in removal of a number of concession assigned buildings; however the concessioner will be assigned new housing facilities with no net loss of beds.

Utilities

The Concessioner is responsible for contracting with independent suppliers to provide electricity service, propane, and barge removal service for large and bulky items that are in excess or unserviceable. The Concessioner is responsible for the direct payment to the independent suppliers. Electrical service is provided by Chelan Public Utility District; propane and barge services are provided by Tom Courtney Tug and Barge.

All water and sewer services within the Concession Facilities are provided by the Service; the Concessioner will be billed by the Service for these utilities. The Concessioner will be responsible for the collection and transport of all garbage and recycled material to the Stehekin Maintenance Yard compactor in accordance with the Service's schedule as identified in Exhibit E of the Draft Contract (Maintenance Plan). The Concessioner will pay the Service \$500 per year for this service; this fee is subject to change over the term of the Draft Contract. Disposal of non-recyclable materials and hazardous waste including but not limited to paint, batteries, cooking oils and grease shall be the responsibility of the Concessioner and may not be disposed of at the Service-operated trash collection facility. The Service is currently reviewing the solid waste management program in Stehekin and has been working with Chelan County to establish a fee program. If a fee program is initiated, during the term of the Draft Contract, the Concessioner will be required to participate in this program.



Although there is no commercial telephone service or telephone utility provider currently established in Stehekin, the Service does maintain a Satellite Telephone communication in and out of the Stehekin Valley through a Service-established satellite link with the Park's headquarters in Sedro-Woolley. The Service has dedicated one line as a public telephone line that is available to visitors and residents to use; credit cards or calling cards are required and the phone line does not accept incoming calls.

The Draft Contract does include the option of allowing the Concessioner to use a secondary line connected through the Park's satellite phone system in support of their business operations, i.e. transmit credit card sales, data transmission as well as communications. Currently the Concessioner pays the Park \$90.00 per month for use of one dedicated phone line; the cost to the Concessioner is based on the amount of bandwidth allocated to the Concession Facilities; this fee is subject to change over the term of the Draft Contract. The Existing Concessioner has a satellite phone transmission arrangement with a local satellite phone service that provides both internet and phone service. Radio reception varies with atmospheric conditions. Private installation of satellite dishes allows for TV reception and Internet services. Continued advancements in technology will allow for expanded communication and information services to connect Stehekin with the "outside" world.

Concession Facilities

The Concessioner will be assigned a total of 27 buildings varying in size and materials as well as a portion of the marina, specifically a portion of the boat dock approximately 30 x 30 feet which houses the marina fuel dispensing system. Concession Facilities also include a land-based fuel dispensing system and a propane storage station that can hold up to 6,000 gallons of propane. Five of the 27 buildings are located in the Golden West Historic District; three additional buildings are listed as historic and are located at the Stehekin Landing. Please see Exhibit C (Assigned Land and Real Property Improvements) of the Draft Contract for additional information regarding the Concession Facilities. The Concessioner will be responsible for maintenance, repairs, housekeeping and grounds-keeping of the Concession Facilities, as provided in the Draft Contract, in particular in its Exhibit E: Maintenance Plan. The National Park Service will complete Component Renewal/Replacement for all historic structures during the term of the Contract and will also be responsible for Deferred Maintenance of all of the structures as budget permits. See the Maintenance Plan for more information as well as Appendix D to the Prospectus which contains a worksheet showing projected Concessioner maintenance projects.

UTILIZATION AND OPERATING DATA

The Proposal Package (part III of this Prospectus), which must be completed and submitted as part of any offer for the Draft Contract, requires Offerors to develop financial projections based on the business to be operated. To assist Offerors in the development of these projections, information regarding historical utilization and operating data is presented on the following pages. Please note that operating projections are only estimates based on Service assumptions that were developed taking into account publicly available historical data, industry standards, and other comparable information from other facilities. Annual Financial Reports from 2009 and earlier were used as the basis for the following projections.

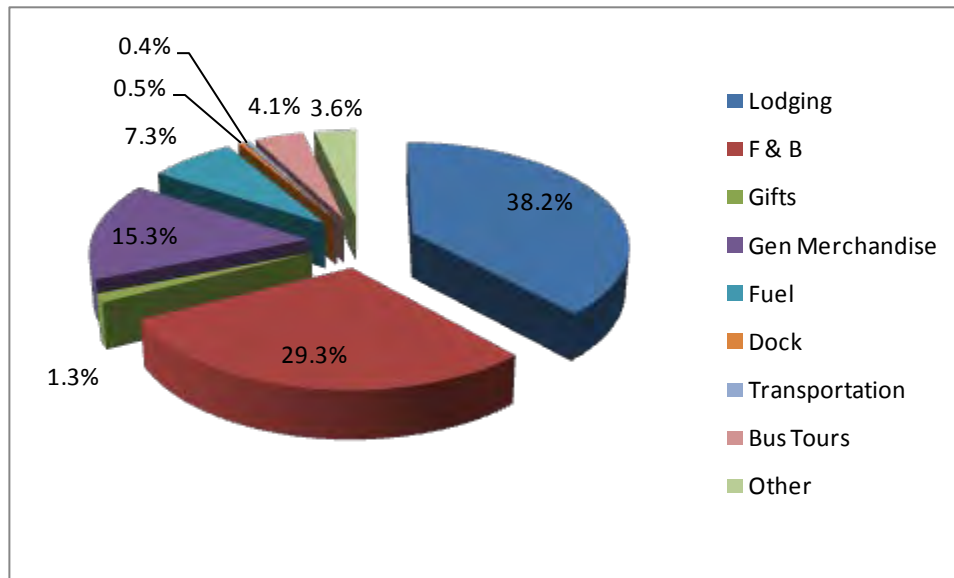
Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. The Offeror should be appropriately cautious in the use of all operating estimates. Although the Service does provide some financial projections, Offerors are responsible for producing their own prospective financial analyses and may not rely on the Service projections. The Service does not warrant, and assumes no liability for, the accuracy of the financial projections or estimates contained in this Prospectus.



Historical Revenue Analysis

2009 gross receipts were centered in lodging revenues followed by food and beverage and retail sales. It is important to note that the Existing Concessioner started in 2007.

Exhibit 4. – Department Revenues - 2009



Source: National Park Service

Revenues for the previous Concessioner varied from 2007-2009, largely due to fluctuations in changing operating schedules and the transition between contracts. In 2007, the concessioner operated the facilities under a two year extension of the previous contract which was obtained by sale and transfer from a previous operator and effective January 1, 2007. Efforts were made to revitalize and make improvements to the facilities and the Concession Facilities were closed from January through mid-April of 2007; no revenue was generated during this time. Full operations resumed by June of 2007 and some limited lodging and food services were available during the winter months. In 2008, the concessioner operated with limited services from January through May, with full operations continuing from June through October. The extension expired on October 31, 2008. The Service then entered into the Existing Contract which began May 1, 2009. The Concession Facilities were closed with no revenues generated between November 1, 2008 and April, 2009.

Exhibit 5. – GROSS RECEIPTS

Department	2007	2008	2009
Lodging	\$311,181	\$380,246	\$348,472
Restaurant	\$266,329	\$291,398	\$233,790
Store	\$133,798	\$164,883	\$207,140
Other	\$134,272	\$157,677	\$143,638
Total	\$845,580	\$994,204	\$933,040
Franchise Fees Paid	\$33,135	\$39,768	\$39,768



Source: National Park Service

Revenues for 2007 include Gross receipts for the period of time between April 1 and December 31.
Revenues for 2008 include Gross receipts for the period of time between January 1 and December 31.
Revenues for 2009 were for the period of time between May 4 and December 31.

INVESTMENTS

The total estimated required initial investment by the Concessioner as projected by the Service is \$165,500. This includes Personal Property (described below) and other working capital.

Exhibit 6. – Initial Investment (estimated)

Item	Amount	Percent
Personal Property	\$165,500	87%
Other Working Capital	\$25,000	13%
Total Initial Investments	\$190,500	100%

Source: National Park Service, NPS Contractor

The Existing Concessioner had no right to compensation for Leasehold Surrender Interest under the Existing Contract, and, consequently, the Concessioner will have no obligation to compensate the Existing Concessioner for any Leasehold Surrender Interest in real property improvements.

Personal Property

The Concessioner is not required to purchase any of the personal property or inventory of the Existing Concessioner; however, the National Park Service has estimated the amount of property and inventory needed to begin operations, regardless of the source.

Future Repair and Maintenance Expense

Repair and Maintenance Expenses are projected at approximately 4.4% of annual gross receipts.

REPAIR AND MAINTENANCE RESERVE

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to be used to cure Component Renewal/Replacement of non-historic assets. Component Renewal/Replacement of historic assets will be accomplished by the Service as funding is available. The terms and conditions of the Repair and Maintenance Reserve are set out in the Draft Contract, in particular in Section 10(c) and Exhibit H to the Draft Contract. The Maintenance Reserve for the Draft Contract will be one percent (1.0%) of gross receipts per year for the first nine years of the contract. In year ten, no deposit will be made by the Concessioner, but expenditures from the Reserve will continue.



PREFERRED OFFEROR DETERMINATION

The 1998 Concession Act includes the limited right of preference in renewal for statutorily defined outfitter and guide services and small contracts. This limited right does not apply here, however. The National Park Service has determined, pursuant to 36 C.F.R. Part 51, there is no “preferred offeror” who is eligible to exercise a right of preference for the award of the Draft Contract.

FRANCHISE FEES

The minimum franchise fee will be equal to six percent (6.0%) of the Concessioner’s annual gross receipts for the preceding year or portion of a year. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (that is included in part III of this Prospectus).

CONTRACT TERM

The term of the Draft Contract will be for ten (10) years with an estimated beginning date of November 1, 2011. The effective date of the Draft Contract is subject to change prior to award if determined necessary by the Service. In such an event, the expiration date of the Draft Contract will be changed to continue the same term length from any adjustment to the effective date.

SITE VISIT

A one-day site visit will occur on October 4, 2010. For more information regarding the specific time and logistics please contact Annelise Lesmeister at 509-682-2549. At that time, an overview of the concession operation will be provided by Service concession management personnel, along with a tour of Concession Facilities associated with the Draft Contract.

